

P-421, 407/CP-87-747 ORDER CERTIFYING POLLING RESULTS, GRANTING  
CERTAIN PETITIONS, DENYING CERTAIN PETITIONS, AND REQUIRING  
FURTHER FILINGS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for  
Extended Area Service from Iron  
Trail United Communities

ISSUE DATE: December 7, 1993

DOCKET NO. P-421, 407/CP-87-747

In the Matter of a Petition for  
Extended Area Service from the  
Finlayson Exchange to the  
Sandstone Exchange

DOCKET NO. P-407, 421/CP-91-246

ORDER CERTIFYING POLLING  
RESULTS, GRANTING CERTAIN  
PETITIONS, DENYING CERTAIN  
PETITIONS, AND REQUIRING FURTHER  
FILINGS

**PROCEDURAL HISTORY**

On April 1, 1991, petitioners in the Finlayson and Sandstone exchanges petitioned for extended area service (EAS) to each other.

On December 19, 1991, the Commission issued its ORDER DENYING SANDSTONE PETITION AND REQUIRING COST STUDIES AND PROPOSED RATES IN FINLAYSON PETITION. In that Order the Commission found that Finlayson and Sandstone are adjacent exchanges and that there is sufficient traffic from the Finlayson exchange to the Sandstone exchange to support an EAS petition.

On July 7, 1993, the Commission issued its ORDER ADOPTING RATES FOR POLLING in the Finlayson petition.

On November 10, 1987, Iron Trail United Communities (ITUC) filed petitions requesting EAS between various ITUC communities and six other exchanges for a total of 74 separate EAS routes.

On May 25, 1993, the Commission issued its ORDER ADOPTING RATES FOR POLLING. In that Order the Commission adopted rates for 13 different ITUC EAS routes, some of which included multiple petitioned exchanges. Of the original proposed 74 routes, these routes fulfilled the statutory criteria of exchange adjacency and adequate traffic volume.

Polling of customers in the Aurora, Buhl, Greaney, Palo, Bear River, Cook, Orr and Finlayson exchanges took place between September 21 and November 5, 1993.

On November 30, 1993, the Commission met to consider the results of the polling.

## FINDINGS AND CONCLUSIONS

### **I. Certification of Polling Results**

Under Minn. Stat. § 237.161 the Commission shall grant a petition for the installation of EAS only if the following three criteria are met:

1. The petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;
2. At least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study;
3. Polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the Commission agree that no polling is necessary.

In these cases, the Commission has previously determined that the petitions have fulfilled the first and second requirements of the EAS statute. The Commission must now determine if the third and final criterion has been fulfilled.

The polling results are as follows:

### **Exchanges Voting in Favor of EAS**

<u>Voting Exchange</u>	<u>Petitioned Exchange(s)</u>	<u>Percent Voting</u>	<u>Number "Yes"</u>	<u>Number "No"</u>
Aurora (three routes)	Palo Biwabik Virginia	72.4%	473	383
Bear River (three routes)	Chisholm Hibbing Buhl	75.4%	80	61
Buhl	Virginia	70.2%	419	100
Cook	Virginia	69.0%	652	561
Greaney	Cook	70.7%	53	41
Greaney	Orr	69.9%	55	38
Orr	Cook	50.8%	202	101
Finlayson	Sandstone	69.4%	247	212

## **Exchanges Voting Against EAS**

Subscribers in three exchanges voted against EAS for 5 routes:

<b><u>Voting Exchange</u></b>	<b><u>Petitioned Exchange(s)</u></b>	<b><u>Percent Voting</u></b>	<b><u>Number "Yes"</u></b>	<b><u>Number "No"</u></b>
Aurora	Biwabik	64.4%	265	496
Bear River	Chisholm	71.7%	47	87
Bear River	Cook	71.1%	66	67
Palo	Aurora	72.8%	73	333
Palo	Aurora & Hoyt Lakes	72.6%	61	344

The Commission will certify the polling results and order the telephone companies serving the exchanges, GTE Minnesota (GTE) and US WEST Communications, Inc. (US WEST), to implement EAS in the exchanges which voted in favor of it (with the exception of the Aurora to Palo-Biwabik-Virginia route, discussed below). The Commission will also require the companies to notify their customers and to file implementation schedules.

### **II. Reconsideration of the Cost Allocation for the Aurora Petition**

By previous Commission Order, 50%/50% cost splits were established for both the Aurora to Virginia-Palo-Biwabik local calling area (LCA) route and the Palo to Aurora route. The resulting EAS rate additive for the Aurora to Palo portion of the Aurora/Virginia-Palo-Biwabik route is \$5.95; the rate additive for the Palo to Aurora portion of that route is \$5.85. The EAS rate additive for the separate Palo to Aurora petition is \$5.75.

Certified polling results show that the Aurora exchange voted in favor of EAS to the Virginia-Palo-Biwabik local calling area. On the other hand, a majority of customers in Palo voted against EAS to either Aurora or to the Aurora-Hoyt Lakes local calling area. The EAS rate additives and the polling results, when considered together, result in an anomalous situation: Palo subscribers would pay more for EAS service to Aurora (through the successful Aurora to Virginia-Palo-Biwabik petition) than they would have paid if they had voted in favor of EAS in the Palo to Aurora petition.

The Commission is reluctant to apply these rates without further consideration. For this reason, the Commission will defer implementation of EAS in the Aurora to Virginia-Palo-Biwabik route. The Commission will require GTE and US WEST to recalculate and refile proposed EAS rate additives for each petitioned exchange in the Virginia-Palo-Biwabik LCA. The companies should file alternative allocations for each petitioned

exchange in the LCA, using the number of access lines in each exchange, and, alternatively, the relative traffic between each petitioned exchange and Aurora. The results from these allocation methods can be compared to the results from the stand alone allocation method<sup>1</sup> used for the original polled rates. The Commission has previously found that each of these three allocation methods can be appropriately applied, on a case by case basis, in EAS proceedings.<sup>2</sup> The Commission will therefore compare the results and reach a final decision based upon the most equitable allocation method.

### ORDER

1. The Commission certifies the polling results as set forth in this Order.
2. Petitions are granted and EAS shall be implemented in the following routes:

<u>Petitioning Exchange</u>	<u>Petitioned Exchange(s)</u>
Aurora	Virginia, Palo, Biwabik
Bear River	Chisholm, Hibbing, Buhl
Buhl	Virginia
Cook	Virginia
Finlayson	Sandstone
Greaney	Orr
Greaney	Cook
Orr	Cook

3. For the approved EAS routes listed in Paragraph 2 above, US WEST and GTE shall file implementation schedules within 60 days of the date of this Order. Schedules should be updated every 90 days.
4. If requests for recovery of nonrecurring charges are made, they must be filed at least 120 days before the planned implementation date. The Department of Public Service (the Department) shall have 30 days to comment on the proposed charges.
5. Upon its own motion, the Commission will reconsider its

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<sup>1</sup> Stand alone allocation treats each exchange in the local calling area as if it were the only petitioned exchange in the EAS route. The rate for the petitioning exchange to the LCA is the sum of the rates from the petitioning exchange to each exchange in the petitioned LCA.

<sup>2</sup> See, In the Matter of a Petition for Extended Area Service from the Moose Lake Exchange to the Duluth, Cloquet, and Carlton Exchanges, Docket No. P-421/CP-92-140, ORDER ADOPTING RATES FOR POLLING (April 13, 1993).

determination of EAS rate additives for the Virginia-Palo-Biwabik LCA. The Commission suspends determination of final rates for the EAS route between Aurora and the Virginia-Palo-Biwabik LCA.

6. Within 30 days of the date of this Order, GTE and US WEST shall refile proposed rates for the petitioned exchanges in the Aurora to Virginia-Palo-Biwabik LCA on the basis of the number of access lines and on the basis of relative traffic. The proposed rates shall be based on six months of data, or annualized if six months of data do not exist. The companies shall serve copies on the Department and the petition sponsor.
7. Within 30 days of the above filing, the Department shall file a report and recommendation on the proposed rates. If the Department believes that the rates should be different from those filed, it shall file its recommended rates and its method of calculation.
8. Within 20 days after the Department files its report and recommendation, parties may file reply comments.
9. Because customers in the following petitioning exchanges voted against EAS, EAS is denied for these routes:

<u>Petitioning Exchange</u>	<u>Petitioned Exchange(s)</u>
Aurora	Biwabik only
Bear River	Chisholm
Bear River	Cook
Palo	Aurora and Hoyt Lakes
Palo	Aurora

10. For all balloted routes, US WEST and GTE shall notify their customers of the polling results. In cases in which EAS is to be installed, the companies shall inform customers in both the petitioning and petitioned exchanges of the polling results, the EAS rate additives, and the proposed implementation date. For routes in which EAS is denied, the companies shall inform customers in the petitioning exchange only.
11. GTE and US WEST shall prepare special notices for their Aurora, Palo, Biwabik and Virginia exchanges, in which the companies explain that the EAS rate additives for the Palo, Biwabik and Virginia exchanges have not yet been determined.
12. Within 10 days of the Commission Order, US WEST and GTE shall file proposed customer notices that meet the requirements of Paragraphs 10 and 11 above. Each notice shall be a bill insert included in the earliest possible billing cycle following approval by Commission staff.

13. For routes in which EAS is to be implemented, US WEST and GTE shall notify customers of the start date of EAS by means of a bill insert. The notification shall describe the service, instruct customers on dialing, list the additional rates to be paid, and include the date of implementation. The bill insert shall be in the billing cycle that concludes one month before EAS is implemented.
14. US WEST and GTE shall file with Commission staff their proposed notices of the implementation date at least 90 days before the start of the service.
15. Thirty days before implementation of EAS, US WEST and GTE shall file tariff sheets reflecting prior Commission orders which established the rates for EAS in each of the exchanges.
16. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)